

BRACEWELL & PATTERSON

2900 SOUTH TOWER PENNZOIL PLACE  
HOUSTON, TEXAS 77002  
713 223 2900  
CABLE BRACEPAT HOUSTON  
TELEX 76 2141

No. 9-3521035

Date DEC 18 1979

Fee \$ 50.00

ICC Washington, D. C.

1150 CONNECTICUT AVENUE N.W.  
WASHINGTON, D. C. 20036  
202 828 5800  
TELEX 89 2573

22 GROSVENOR SQUARE  
LONDON W1X 0DY  
01 491 4805  
TELEX 23459

AMERICAN BANK TOWER  
AUSTIN, TEXAS 78701  
512 472 7800

December 12, 1979 RECORDATION NO. 11210 Filed 1425

DEC 18 1979 - 1 35 PM

Ms. Agatha M. Mergenovich  
Secretary of the Interstate Commerce  
Commission  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Re: Filing, pursuant to 49 U.S.C.A. § 20c, of  
lease documents relating to railroad cars

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C.A. § 20c, and in accordance with 49  
C.F.R. § 1116, enclosed for filing are five original executed  
copies of certain lease documents described below. We have  
also enclosed a check in the amount of \$50.00 in payment of  
the filing fee and an additional copy of this letter. Two  
of the original lease documents are to be file-stamped and  
returned to:

→ RAIL ROAD

Mr. James W. Trimble  
Western Railroad Company  
P.O. Box 107  
Houston, Texas 77011; and

Mr. Stephen W. Bienstock  
Greyhound Leasing & Financial  
Corporation  
Greyhound Tower  
Phoenix, Arizona 85077

The parties to the lease documents are as follows:

Lessor: Greyhound Leasing & Financial Corporation  
Greyhound Tower  
Phoenix, Arizona 85077  
Lessee: Western Railroad Company  
P.O. Box 107  
Houston, Texas 77011

RAIL ROAD

BRACEWELL & PATTERSON

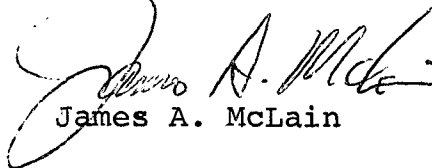
Secretary of the Interstate  
Commerce Commission  
December 12, 1979  
Page 2

The lease documents relate to 50 new 2300 cubic foot capacity bottom dump "Rapid Discharge" TM manually operated cars manufactured by Ortner Freight Car Company, with A.A.R. mechanical designation No. HTS, each of which is marked "Lessor: Greyhound Leasing & Financial Corporation" and respectively bears a serial number from among the numbers WRRRC 424 through WRRRC 473, inclusive.

Please acknowledge receipt of enclosed copy of this letter by marking it with your file stamp and returning it to me at the letterhead address. Should you have any questions or need further information regarding this matter, please contact the undersigned by collect telephone call at (713) 223-2900.

Very truly yours,

Bracewell & Patterson



James A. McLain

JAM/mm  
Enclosures

cc: Mr. Stephen W. Bienstock  
Greyhound Leasing and  
Financial Corporation  
Greyhound Tower  
Phoenix, Arizona 85077

Mr. John Mills  
Western Rail Road Company  
P.O. Box 107  
Houston, Texas 77011

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

1/2/80

James A. McLain  
Bracewell & Patterson  
2900 South Tower Pennzoil Place  
Houston, Texas 77002

Dear  
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/18/79 at 1:35pm, and assigned recordation number(s) 11210.

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

You will have to mail these document yourself, I send document only to the person that sent them to me.

Mr. Lee  
Recordation Clerk

EQUIPMENT LEASE AGREEMENT

DEC 18 1979 - 1 35 PM

INTERSTATE COMMERCE COMMISSION

THIS EQUIPMENT LEASE AGREEMENT dated as of the 24th day of September, 1979 ("Lease"), between GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware corporation with its principal place of business at Greyhound Tower, Phoenix, Arizona 85077, ("Lessor") and WESTERN RAIL ROAD COMPANY, a Texas corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, subject to certain limitations on the purchase price contained herein, Lessor has agreed to purchase fifty (50) new 2300 cubic foot capacity bottom dump "Rapid Discharge" TM manually operated Aggregate Cars manufactured by Ortner Freight Car Company ("Manufacturer") more specifically described on Exhibit A hereto (individually referred to as the "Car" or collectively as the "Cars"), which by this reference is incorporated herein as if set forth in its entirety, and to lease the Cars to Lessee and Lessee has agreed to lease the Cars from Lessor; and

WHEREAS, Lessee, as purchaser, has entered into a purchase agreement (the "Purchase Agreement") whereby Manufacturer has agreed to sell and Lessee has agreed to purchase the Cars; and

WHEREAS, Lessee desires that Lessor fulfill Lessee's commitment to purchase the Cars and lease them to Lessee; and

WHEREAS, the Cars are to be manufactured in accordance with the specifications approved by Lessor and Lessee (the "Specifications"); and

WHEREAS, Lessee represents that all acts and things necessary to make this Lease valid and binding on Lessee have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby leases the Cars to Lessee and Lessee hereby hires the Cars from Lessor, on the following terms and conditions.

I. DEFINITIONS

As used in this Lease, the following terms shall have the meanings set forth below unless the context otherwise requires:

I.(a) "Bank" shall mean Citibank, N.A.

I.(b) "Conform" shall have the same meaning accorded to the term by Section 2-106 of the Uniform Commercial Code.

I.(c) "Cost" shall mean the total consideration, including freight charges, if applicable, and any and all taxes applicable to the purchase of each Car by Lessor, which must be paid as the purchase price of each of the Cars to the Manufacturer under the terms of the

Purchase Agreement, including any and all taxes applicable to the purchase of each Car by Lessor, in a sum of money not to exceed Thirty Six Thousand Dollars (\$36,000.00) per Car.

1.(d) "Depreciation" shall mean depreciation deductions for Federal income tax purposes on the full Cost of each of the Cars using a method of depreciation provided by Section 167(b)(2) or (3) of the IRC, a reasonable salvage value and an asset depreciation range under the system of Treasury Regulations Section 1.167(a)-11 with an asset guideline class of 00.25.

1.(e) "Determination" shall have the meaning accorded to said term by virtue of Section 1313 of the IRC.

1.(f) "Event of Default" shall have the meaning specified in paragraph 13 below.

1.(g) Fair Market Value shall mean, at any time for the determination thereof, an amount determined on the basis of and equal to the value which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

1.(h) "IRC" shall mean the Internal Revenue Code of 1954, as amended.

1.(i) "ITC" shall mean the credit allowed for "new Section 38 property" by Sections 38 and 46 et seq. of the IRC at a ten percent (10%) rate of the full Cost of each of the Cars.

1.(j) "Prime" shall mean the base interest rate in effect from time to time on ninety (90) day loans offered by the Bank to responsible and substantial commercial borrowers.

1.(k) "Rental" shall mean the rent or rents, as the case may be, for the leasing of the Cars due to the Lessor from Lessee pursuant to paragraph 4, below.

1.(l) "Stipulated Loss Value" shall mean a sum of money in an amount equal to the Cost of a Car or Cars, as the case may be, multiplied by the percentage set forth on the applicable Schedule of Exhibit B, which by this reference is made a part hereof, for the applicable period of the Term in which the calculation of the Stipulated Loss Value is made. The Stipulated Loss Value has been calculated on the premise that any and all Rentals due for the applicable period and all prior periods of the Term have been made by Lessee on or before the dates due.

1.(m) "Tax Benefits" shall mean both (i) ITC and (ii) Depreciation.

1.(n) "Term" shall mean the initial term of this Lease for each Car as set forth in paragraph 3(a) below and any extended or renewed term of this Lease for each Car as set forth in paragraph 3(d) below.

## 2. ASSIGNMENT OF PURCHASE AGREEMENT, DELIVERY, ACCEPTANCE OF THE CARS AND LEASE

2.(a) Lessor's obligations hereunder shall be limited to the purchase of Cars having a total cost not to exceed in total One Million Eight Hundred Thousand Dollars (\$1,800,000.00), inclusive of freight and taxes which may be applicable to the purchase hereof.

2.(b) Lessee covenants, represents and warrants to Lessor that (i) a Purchase Agreement which provides for the sale of the Cars and delivery of the Cars to Lessee in exchange for the consideration which does not exceed the Cost has been entered into, (ii) each and every obligation imposed on the buyer has been fully and completely performed under the Purchase Agreement on the date such performance was due, (iii) the Purchase Agreement is valid and in full force and effect in accordance with its terms, no default has occurred thereunder and it has not been amended, altered or assigned, (iv) the buyer will assign to Lessor the buyer's rights (not its obligations other than the payment of the purchase price thereunder at a price not to exceed the Cost hereunder) under the Purchase Agreement, enabling Lessor to purchase the Cars directly from the Manufacturer for the purpose of leasing the Cars to Lessee, by instrument in form and content satisfactory to counsel for Lessor, and (v) buyer will not alter, amend, modify or assign the Purchase Agreement without the prior written consent of Lessor.

2.(c) On tender of delivery of the Cars by the Manufacturer, Lessee will forthwith cause the Cars to be inspected by an authorized representative of Lessee and, if such inspection reveals that the Cars Conform to what were ordered under the Purchase Agreement, meet the Specifications, are in good order and are ready for service, Lessee will cause its representative to execute and deliver to Lessor the Certificate of Inspection and Acceptance which shall be in the form attached as Exhibit C hereto, which by this reference is incorporated herein as if set forth in its entirety. Execution by the Lessee of the Certificate of Inspection and Acceptance shall be deemed to be delivery to and acceptance by Lessee of the Cars and the Cars described in the Certificate of Inspection and Acceptance shall be subject immediately thereafter to all the terms and conditions of this Lease. The date on which the Certificate of Inspection and Acceptance is executed shall be the "Delivery Date".

2.(c) In the event that less than all of the Cars are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Car to be delivered and accepted, Lessee will cause to be executed and delivered to Lessor a supplement to this Lease in substantially the form attached as Exhibit D hereto, which by this reference is incorporated herein as if set forth in its entirety.

2.(d) At all times during the continuance of this Lease, title to the Cars shall be vested in Lessor to the exclusion of Lessee and any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

2.(e) The Cars to be placed under this Lease shall be delivered by or on behalf of Lessor and accepted by Lessee on or before March 31, 1980, but Lessor shall not be liable for any damages to Lessee for any delay in or a failure to make delivery of the Cars; in no event shall Lessor deliver the Cars to Lessee if they are not delivered to Lessor by the Manufacturer thereof on or before March 31, 1980.

### 3. TERM, PURCHASE OPTION, RENEWAL OPTION AND

3.(a) The initial term of this Lease as to each Car shall be one hundred forty-four (144) months, commencing on the Delivery Date of the Car.

3.(b) From and after the date of execution hereof until the expiration or termination of this Lease, this Lease shall not be subject to termination by (i) Lessor except pursuant to paragraph 4(a) hereof upon Lessee's failure or refusal to pay the Commitment Fee or Non-Utilization Fee or pursuant to paragraph 13 hereof on the occurrence of an Event of Default, or (ii) Lessee except pursuant to paragraph 11 hereof.

3.(c) Unless an Event of Default shall have occurred and be continuing, Lessee shall have the right and option on the expiration of the Term of this Lease, by unequivocal and

irrevocable written notice given to Lessor not less than six (6) months but not more than twelve (12) months prior to the end of the Term for the first Car leased hereunder to purchase all, but not less than all, the Cars subject to the Lease on the last day of the applicable Term of each Car at a price equal to their Fair Market Value.

If on or before four (4) months prior to the intended purchase, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the Cars, the Fair Market Value shall be determined by an appraiser or appraisers mutually agreed upon by Lessor and Lessee or, failing such agreement, by a panel of three (3) independent appraisers, one of which shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected. The appraisers must be appointed within 15 days of the determination that Lessor and Lessee are unable to agree upon the Fair Market Value. The appraiser or appraisers shall be instructed to make such determination within a period of thirty (30) days following appointment and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser or appraisers shall be borne by Lessee.

3.(d) On the expiration by lapse of time or either the initial term of the Lease or any renewal term of the Lease, Lessee shall be entitled to renew said term for the Cars for additional terms of one (1) year each, for a rental price equal to the then fair rental value thereof, payable annually in advance, subject, however, to the following conditions precedent:

(i) Lessee is not in default under the Lease between the date it exercises this renewal option and the date of expiration of the initial term or any renewed term.

(ii) Lessee has given Lessor unequivocal and irrevocable written notice of Lessee's exercise of the renewal option at least six (6) months, but not more than twelve (12) months, prior to the normal expiration of the initial term or any renewed term.

(iii) Lessee exercises this renewal option as to all, but not less than all, of the Cars subject to the Lease on the last day of the initial term or any renewed term thereof.

(iv) Lessor, at its option, may recalculate the Stipulated Loss Value for each of the renewed terms.

3.(e) At any time during the Term of this Lease, Lessee shall have the right and option of terminating the Lease as to all, but not less than all, the Cars, subject to the Lease on the date of termination, provided that:

(i) Lessee is not in default under the Lease between the date it exercises the option to terminate and the date of termination under this paragraph 3(e); and

(ii) Lessee has given Lessor at least six (6) months but not more than twelve (12) months unequivocal and irrevocable prior written notice of Lessee's exercise of the option to terminate under this paragraph 3(e); and

(iii) Lessor shall have the option, as determined in its sole discretion, upon giving Lessee not less than thirty (30) days written notice prior to the date of termination, to (A) take back the Cars so terminated with Lessee being relieved of any further obligations as to said Cars to Lessor hereunder, or (B) require Lessee to pay the Lessor upon demand the greater of the Stipulated Loss Value in effect at the time of such termination or the then Fair Market Value of the Cars so

terminated; plus interest on the amount computed pursuant to this subparagraph (B) at the rate set forth in paragraph 4(d) below.

4. COMMITMENT FEE, NON-UTILIZATION FEE AND RENTALS

4.(a) As consideration for Lessor's execution of the Lease and its commitment to permit Lessee to request the purchase of Cars having a total cost of \$1,800,000.00 through March 31, 1980 Lessee agrees to pay Lessor a Commitment Fee computed at the rate of one-half of one percent (0.5%) per annum on the unused portion of the commitment (as hereinafter defined), payable quarterly in arrears and calculated from the date hereof through March 31, 1980 and a Non-Utilization Fee equal to 2% on the unused portion of the commitment (as hereinafter defined) for the Cars, calculated as of March 31, 1980, and payable, on demand, after March 31, 1980. No Commitment Fee will be paid if "take down" of all of the Cars occurs within ninety (90) days from the date hereof. As used herein, the phrase "unused portion of the commitment" shall mean the difference between (i) the total cost of the Cars and (ii) the total amount of money Lessor has expended to date in the purchase of said Cars. The Commitment Fee payable by Lessee shall be non-refundable to Lessee, shall be held and retained by Lessor as its sole property, and shall not be applied to rentals. If Lessee fails to pay the Commitment Fee and the Non-Utilization Fee when due and such failure or refusal to pay continues for ten (10) days subsequent to any such due date, Lessor shall have the option of exercising its rights hereunder, including, but not limited to, terminating its commitments and obligations hereunder, PROVIDED, HOWEVER, such termination of Lessor's obligations to Lessee hereunder shall not relieve Lessee of its obligations to Lessor.

4.(b) As consideration for Lessor's leasing the Cars to Lessee, Lessee agrees to pay to Lessor rent ("Rental"), in advance, in one hundred forty-four (144) consecutive monthly payments, with the first such payment due on the Delivery Date and each monthly payment thereafter due on the corresponding day of each successive month thereafter.

(i) For each of the first forty-six (46) Cars accepted for leasing hereunder each of the one hundred forty-four (144) Rental payments shall be determined as follows:

On the date a Car is accepted for leasing hereunder, the percentage of Cost which shall be used to calculate each of the aforesaid one hundred forty-four Rental payments during the entire Term for said Car shall be determined by the prime rate of interest charged by Citibank, N.A. on 90-day loans to substantial commercial borrowers in effect on such date ("Prime") and by selecting the percentage set forth opposite such Prime on Exhibit E attached hereto.

If the Prime in effect on the date a particular Car is accepted for leasing hereunder becomes effective is not shown on the Exhibit E the percentage used to calculate the amount of each of the one hundred forty-four (144) Rental payments shall be determined by Lessor in good faith but in the exercise of its sole and exclusive discretion in a manner consistent with the calculations made in the preparation of said Exhibit E.

Notwithstanding the foregoing, in the event Prime exceeds 14.50% on the Delivery Date, the percentage of Cost shall be calculated as if Prime was 14.50% on said Date. In the event Prime is less than 10% on the Delivery Date the percentage of Cost shall be calculated as if Prime was 10% on said Date.

(ii) For each of forty seventh (47th) through fiftieth (50th) Cars accepted for leasing hereunder each of the one hundred forty-four (144) Rental payments shall be determined as follows:



On the date a Car is accepted for leasing hereunder, the percentage of Cost which shall be used to calculate each of the aforesaid one hundred forty-four Rental payments during the entire Term for said Car shall be determined by the prime rate of interest charged by Citibank, N.A. on 90-day loans to substantial commercial borrowers in effect on such date ("Prime") and by selecting the percentage set forth opposite such Prime on Exhibit F attached hereto.

If the Prime in effect on the date a particular Car is accepted for leasing hereunder becomes effective is not shown on the Exhibit F the percentage used to calculate the amount of each of the one hundred forty-four (144) Rental payments shall be determined by Lessor in good faith but in the exercise of its sole and exclusive discretion in a manner consistent with the calculations made in the preparation of said Exhibit F.

4.(c) The Stipulated Loss Value percentages for the first forty-six (46) Cars are set forth on Schedule I of Exhibit B and have been calculated on a Prime of 14.5%. If the Prime in effect on the date a Car is accepted for leasing hereunder is less than 14.5% , Lessor, in good faith but in the exercise of its sole and exclusive discretion, shall calculate the Stipulated Loss Value percentages for the Cars in a manner consistent with the calculations made in the preparation of Schedule I of Exhibit B and such calculations shall be binding upon Lessee and become a part hereof.

The Stipulated Loss Value percentages for the forty seventh through fiftieth Cars are set forth on Schedule II of Exhibit B and have been calculated on a Prime of 15.25%. If the Prime in effect on the date a Car is accepted for leasing hereunder is not 15.25%, Lessor in good faith but in the exercise of its sole and exclusive discretion, shall calculate the Stipulated Loss Value percentages for the Cars in a manner consistent with the calculations made in the preparation of Schedule II of Exhibit B and such calculations shall be binding upon Lessee and become a part hereof.

4.(d) In the event the Rental and any and all other payments due Lessor hereunder are not paid on or before the due dates, such arrearage may, at the election of Lessor, be subject to the maximum legal rate of interest permitted by applicable law or five percent (5%) per annum above the then current Prime, whichever is less.

4.(e) Rental and any and all other payments due Lessor hereunder shall be paid to Lessor at its office at Greyhound Tower, Phoenix, Arizona 85077, or as otherwise directed.

4.(f) All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any taxes (other than any tax measured by net income payable by Lessor to any State or political subdivision thereof or to the United States under Section 11 or Section 1201 of the IRC in consequence of the receipt of payments provided for herein), license fees, assessments, charges, fines, penalties, property, excise or other taxes currently or hereafter levied or imposed by any State, local, Federal or foreign authority (all such expenses, taxes, license fees, assessments, charges, fines, penalties, property or other taxes being hereinafter referred to as "Impositions") upon or in connection with or measured by this Lease or any sale, Rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the other payments to be made by it provided for herein. Lessee's obligation to pay Impositions shall likewise include the obligation to pay any increase to Lessor in State, local, Federal or foreign income tax as a result of inclusion in income of Lessor of any amount required by this paragraph to be paid to or for Lessor. Lessee will also pay promptly all Impositions which may be imposed upon the Cars or for the use or operation thereof or on the earnings arising therefrom (except as provided above) or on Lessor solely by reason of the ownership thereof and will keep at all times all and every part of the Cars free and clear of all

Impositions which might in any way affect the title of Lessor to such Cars or result in a lien upon the Cars. In the event that during the continuance of this Lease any reports with respect to Impositions involving any Cars are required to be made, Lessee will either make such reports in such manner as to show the interest of Lessor in the Cars or notify the Lessor of such requirement and make such reports in such manner as shall be satisfactory to Lessor. To the extent that Lessee is prohibited bylaw from performing in its own name the duties required by this paragraph, and only to that extent, Lessor hereby authorizes Lessee to act in Lessor's name and on its behalf, provided, however, that Lessee shall indemnify and hold Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by Lessee pursuant to this authorization. Lessee shall, whenever requested by Lessor, submit to Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to Lessor of Lessee's performance of its duties under this paragraph. Lessee shall also furnish promptly on request all data as Lessor shall reasonably require to permit Lessor's compliance with the requirements of taxing jurisdictions. All payments of the Impositions hereunder by Lessee shall be considered supplemental rentals.

4.(g) The Rental and other sums payable by Lessee hereunder shall be paid without notice, demand, counterclaim, set-off, deduction, recoupment or defense and without abatement, suspension, deferment, diminution or proration by reason of any circumstance or occurrence whatsoever. Except as expressly provided hereunder, Lessee waives all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease or the Cars or any part thereof or to any abatement, suspension, deferment, diminution, reduction or proration of the Rental and other sums payable hereunder on account of any occurrence described in this Lease.

#### 5. COVENANTS, REPRESENTATIONS AND WARRANTIES

5.(a) Lessor covenants, represents and warrants that, subject to the provisions of paragraph 15.(a) herein, at the time the Cars become subject to this Lease, Lessor has received, or will receive, whatever title to the Cars covered by the respective Certificate of Inspection and Acceptance was conveyed, or will be conveyed, to Lessor by Lessor's predecessor in title to such Cars free and clear of all claims, liens, and encumbrances of every kind whatsoever resulting from any act of Lessor and shall have the right to lease the Cars to Lessee under this Lease, and Lessee shall have the exclusive right to possession and quiet enjoyment of the Cars for the duration of the Term, so long as Lessee shall not be in default under this Lease. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED OR IMPLIED, IT BEING UNDERSTOOD AND AGREED THAT LESSOR EXTENDS NO OTHER WARRANTY TO LESSEE. LESSOR SPECIFICALLY AND EXPLICITLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, DESIGN, CONDITION AND FITNESS (FOR USE OR FOR ANY PARTICULAR PURPOSE), THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP OR IN THE QUALITY OR SUITABILITY OF THE CARS DELIVERED TO LESSEE HEREUNDER, AND LESSEE AGREES TO ACCEPT THE CARS FROM LESSOR "AS IS". However, nothing herein contained shall be deemed to limit Lessee from availing itself of any warranties, covenants and representations of the Manufacturer, and such warranties, covenants and representations are, to the extent legally assignable, hereby assigned by Lessor to Lessee only for and during the term, and if not assignable then Lessee shall only for and during the term be subrogated to all such rights of Lessor and may take all reasonable action to enforce the same in Lessor's name at Lessee's sole cost and expense.

5.(b) Lessee covenants, represents and warrants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, is duly qualified to do business and in

good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification and has the corporate power to own its assets and to transact the business in which it is engaged.

(ii) The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized. This Lease is legal, valid, binding and enforceable against Lessee in accordance with its terms.

(iii) The rights of Lessor and the title of Lessor to the Cars are free and clear of any and all liens, charges or security interests created by any mortgage, security agreement or other instrument binding on Lessee.

(iv) Lessee is currently not in default under any other existing mortgage, indenture, contract, agreement or other instrument or undertaking, order, decree, judgment of any court, arbitration or governmental authority to which it is a party or by which it is bound, and it is not in default under this Lease.

(v) There is no provision in any existing mortgage, indenture, contract, lease, agreement or other instrument or undertaking binding on Lessee which would be contravened by the execution and delivery of this Lease or performance by Lessee of the terms of this Lease, or if there is such a provision, consents to such execution, delivery or performance have been obtained.

(vi) No governmental authorizations, approvals or exemptions are required of Lessee and no registration by Lessee with any governmental agency or commission is necessary for the execution, delivery or performance of this Lease by Lessee or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the Rental or any of the other terms and conditions herein provided; or, if any such authorizations or registrations are required, they will be or have been obtained or accomplished; and, if any such authorizations or registrations hereafter shall be required, they will be promptly obtained or accomplished.

(vii) No litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee in any court or before any arbitrator of any kind, any governmental authority, any bureau or any agency, the adverse determination of which would affect the validity of this Lease, the rights of Lessor hereunder, the ability of Lessee to make Rental and other payments due under this Lease or the ability of Lessee to perform its other obligation and duties under this Lease.

(viii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto, any statute, rule, regulation, judgment, decree, order, franchise or permit applicable to Lessee and will not conflict with or violate any provision of its Charter or Articles or Certificate of Incorporation, or its By-Laws.

(ix) All financial statements that have heretofore been presented by Lessee to Lessor in conjunction with the transaction which is the subject of this Lease fairly and accurately present a true and correct picture of its financial condition and income, as of the date given and as of the date hereof; moreover, as of such dates, such financial statements do not contain any untrue statement of a material fact nor do they omit to state a material fact required to be stated therein or necessary in order to make such financial statements not misleading; and there is no fact,

situation or event which, in the opinion of its officers, materially adversely affects or, so far as they can now foresee, will materially adversely affect the properties, business, assets, income, prospects or condition (financial or otherwise) of Lessee.

(x) All tax returns which are required to be filed by the Lessee under the laws of any jurisdiction in which its business and operations are conducted have been filed and all taxes shown on the returns have been paid.

(xi) Neither Lessee nor any other person has used or placed into use or service the Cars, and it will not do so prior to the Delivery Date as set forth in the Certificate of Inspection and Acceptance.

## 6. OPINION OF COUNSEL

Lessee will deliver to Lessor an opinion of its independent legal counsel to the effect that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification and has the corporate power to own its assets and to transact the business in which it is engaged.

(ii) The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized, and this Lease is legal, valid, binding and enforceable against Lessee in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of any and all liens, charges or security interests created by any mortgage, security agreement or other instrument binding on Lessee.

(iv) The Lessee is currently not in default under any other existing mortgage, indenture, contract, lease, agreement or other instrument or undertaking, order, decree, judgment of any court, arbitration or governmental authority to which it is a party or by which it is bound.

(v) There is no provision in any existing mortgage, indenture, contract, Lease or agreement binding on Lessee which would be contravened by the execution, delivery and performance by Lessee of the terms of this Lease.

(vi) No consent of holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vii) No governmental authorizations, approvals or exemptions are required and no registration with any governmental agency or commission is necessary for the execution, delivery or performance of this Lease or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the Rental and other terms and conditions herein provided, or if any such authorizations or registrations are required they will be or have been obtained or accomplished and, if any such shall hereafter be required, they will be promptly obtained or accomplished.

(viii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise or permit applicable to Lessee.

(ix) This Lease shall have been filed and recorded with the Interstate Commerce Commission and such public offices as are necessary for the full protection of the rights of Lessor in the United States of America.

(x) No government authority is necessary for the execution and delivery of this Lease, or, if any such approval is necessary (specifying which approval is necessary), it has been obtained.

## 7. IDENTIFICATION OF CARS

7.(a) On or before the delivery to Lessee of the Cars, Lessee, at its sole cost and expense, agrees to cause to be plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each of the Cars a legend in letters not less than one inch in height bearing the following words:

"GREYHOUND LEASING & FINANCIAL CORPORATION,  
PHOENIX, ARIZONA, OWNER AND LESSOR"

7.(b) In case any such legend at any time shall be painted over or otherwise made inconspicuous, removed, defaced or destroyed during the Term of this Lease, Lessee shall immediately cause such legend to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignees; but the Cars may be lettered with the names or initials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under this Lease.

7.(c) On or prior to the respective Delivery Date of the Cars, Lessee agrees to cause to be placed on each side thereof Lessee's assigned number. At all times thereafter, during the Term of this Lease, Lessee will cause the Cars to bear the number so assigned to it, and Lessee will not change or permit to be changed the number except in accordance with a statement of new number to be substituted therefor which previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

## 8. TAX BENEFITS

8.(a) Lessor confirms to Lessee, and Lessee acknowledges, that Lessor shall be the party entitled to claim the Tax Benefits available on Lessor's purchase and ownership of the Cars. Lessee agrees that it shall not be entitled to, nor will it claim, the Tax Benefits. Lessee agrees that neither it nor any corporation controlled by it, in control of it or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of Rentals required to be taken into income by Lessor over the amount specified to be payable under this Lease on the dates due hereunder and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to accomplish the intent hereof.

8.(b) If (i) Lessor (A) shall not be entitled to full use of the ITC, (B) shall have its tax increased on account of the recomputation of the ITC pursuant to Section 47 of the IRC or (C) shall not be entitled for each of its taxable years (or portions thereof) during which this Lease is in effect to full use of Depreciation and (ii) such loss of ITC or Depreciation or increase in tax pursuant to Section 47 is not solely attributable to an act of Lessor described in

paragraph 8.(c) hereof, then Lessee shall pay to Lessor, as additional Rentals, a sum which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any State or local government or taxing authority in the United States, or under the laws of any taxing authority or political or governmental subdivision of a foreign country, shall be equal to the sum of (x) the amount of the ITC lost by Lessor (as a result of not being allowed to Lessor in the amounts and at the times the ITC would otherwise have been allowed), (y) the increase in Lessor's tax on account of any recomputation of ITC pursuant to Section 47 of the IRC, and (z) an amount, payable at the time of loss of Depreciation in a lump sum for each calendar year (or portion thereof) for which Depreciation shall or will thereafter be disallowed, sufficient to give Lessor the same after-tax cash flow for such taxable year (or portion thereof) as is contemplated by this Lease and would have resulted had such Depreciation been allowed to Lessor in the amounts and at the times the Depreciation would otherwise have been allowed on the aforesaid basis, together with any interest, addition to tax or penalty which may be assessed by the United States Government against Lessor in connection with such loss or recomputation of ITC or loss of Depreciation on the aforesaid basis, which amounts shall be payable, together with interest thereon from the date of payment by Lessor to the date the Lessee shall reimburse the Lessor at the rate set forth in paragraph 4.(d) hereof, on written demand made at any time after payment of the consequential additional income tax.

In the event that Lessee shall have made a payment to Lessor required by the terms of this paragraph 8.(b) for the loss or disallowance of any portion of the ITC with respect to the Cars, the Stipulated Loss Value for the Cars shall be reduced by the amount, if any, included therein which represents reimbursement to Lessor for the portion of such ITC so lost or disallowed to Lessor.

8.(c) Lessee shall not be required to pay to Lessor the amounts provided for in paragraph 8.(b) hereof with respect to the Cars if the loss or disallowance of ITC or Depreciation, as the case may be, or the right to claim the same, is solely attributable to the occurrence of any of the following events:

(i) Lessor shall fail to claim the ITC or Depreciation in its income tax returns for the appropriate years or shall fail to follow procedures in claiming such ITC or Depreciation and such failure to claim or to follow such procedures, as the case may be, shall preclude Lessor from claiming such ITC or Depreciation, provided that the foregoing does not apply to any ITC or Depreciation not claimed because of a good faith determination made by Lessor based on the advice of its tax counsel that it is not properly allowable;

(ii) Lessor (or, if Lessor files its Federal income tax returns as a member of an affiliated group, the group) shall not have sufficient income to benefit from the ITC or Depreciation;

(iii) Lessor shall voluntarily transfer legal title to the Cars to anyone (other than a transfer pursuant to paragraph 11 hereof) or shall dispose of or reduce its interest in the Cars and such transfer, disposition or reduction in interest (A) shall be the direct cause of such loss, (B) shall occur at any time when no Event of Default has occurred and is continuing and (C) shall not be pursuant to the written consent of Lessee;

(iv) Lessee shall have paid Lessor the Stipulated Loss Value of the Cars pursuant to paragraph 11 hereof; or

(v) Lessor shall have elected in writing for purposes of the ITC to treat the Lessee as the purchaser of the Cars.

8.(d) Contest of Disallowance of Tax Benefits. In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss of all or a portion of the Tax Benefits under circumstances which would require Lessee to indemnify Lessor for the loss, Lessor hereby agrees to take such action in connection with contesting such claims as Lessee shall reasonably request in writing from time to time, provided, that: (i) within thirty days after notice by Lessor to Lessee of such claim, the Lessee shall request that such claim be contested; (ii) Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court and/or the United States Court of Claims, as Lessor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed; (iii) prior to taking such action, Lessee shall have furnished Lessor with an opinion of its independent tax counsel to the effect that a meritorious defense exists to such claim; and (iv) Lessee shall have indemnified Lessor in a manner satisfactory to it for any liability or loss which Lessor may incur as the result of contesting such claim and shall have agreed to pay Lessor on demand all costs and expenses which Lessor may incur in connection with contesting such claim, including, without limitation, (A) reasonable attorneys' and accountants' fees and disbursements, (B) the amount of any interest or penalty which may ultimately be payable to the United States Government as a result of contesting such claim, and (C) in the event Lessor shall pay the tax claimed and then seek a refund and the final determination of such claim shall be adverse to Lessor, interest at the rate set forth in Paragraph 4(d) hereof on the amount of the tax paid attributable to the portion of the Tax Benefits lost, computed from the day of payment of such tax to the date the Lessee shall reimburse Lessor for the payment of such tax in accordance with the terms hereof. If any such claim referred to above shall be made by the Internal Revenue Service and Lessee shall have reasonably requested Lessor to contest such claim as above provided and shall have duly complied with all of the terms of this paragraph 8(d), Lessee's liability with respect to the Tax Benefits lost as a consequence of such claim shall become fixed on final determination of the liability of Lessor for the tax claimed and after giving effect to any refund obtained, together with interest thereon; but in all other cases the liability of Lessee shall become fixed at the time Lessor makes payment of the tax attributable to the portion of the Tax Benefits lost. In the case of any such claim by the Internal Revenue Service referred to above, Lessor agrees to promptly notify Lessee in writing of such claim and agrees not to make payment of the tax claimed for at least thirty days after the giving of such notice and agrees to give to Lessee any relevant information relating to such claim which may be particularly within the knowledge of Lessor and to otherwise cooperate with the Lessee in good faith in order to effectively contest any such claim.

In the event that Lessee becomes obligated to pay Lessor any sum or sums pursuant to the provisions of paragraph 8.(b) herein, then such sum or sums shall become due and payable, at the election of Lessee, (i) in full thirty (30) days after the time at which the liability of Lessee shall have become fixed in accordance with the provisions of paragraph 8(d) hereof or (ii) as supplemental rent, a sum (computed separately for each calendar year, or portion thereof) of money in an amount which is determined in accordance with paragraph 8(b) hereof and which is attributable to such calendar year sufficient to give Lessor the same after-tax cash flow for such taxable year (or portion thereof) as is contemplated by this Lease and would have resulted had such Tax Benefits been allowed to the Lessor in the amounts the Tax Benefits would otherwise have been allowed on the aforesaid basis.

8.(e) If for any reason (regardless if required under paragraph 12(a) and 12(b) or not) all or part of the cost of any alterations, modifications, additions, maintenance or repairs of or to the Cars (hereinafter called "Additional Expenditures") is required to be included in the gross income of Lessor under the laws of the United States or any State or local government or taxing authority in the United States, or under the laws of any taxing authority

or political or governmental subdivision of a foreign country, at any time prior to the expiration of the Term of this Lease, then Lessee shall pay to Lessor on demand the sum of (i) the amount of any increase in State, local, Federal or foreign income tax liability resulting from the inclusion of such Additional Expenditures in the gross income of Lessor, (ii) the amount of any interest (net of any actual decrease in State, local or Federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to tax because of underpayment of estimated tax, which may be assessed against Lessor in connection therewith and (iii) the amount of any State, local, Federal or foreign income taxes which are or will be required to be paid by (or, if previously paid, which will not be refunded to) Lessor as a result of the receipt of amounts pursuant to this paragraph 8.(e), provided, however, that Lessee shall not be required to pay Lessor the amount provided for in this paragraph 8.(e) if the inclusion of such Additional Expenditures in the gross income of Lessor shall occur as the direct result of the failure of Lessor to take timely action pursuant to paragraph 8.(d) in contesting a claim made by the Internal Revenue Service or the applicable State, local or foreign taxing authority, unless the requirements of paragraph 8.(d) have been satisfied.

8.(f) Lessee agrees to keep and make available for inspection and copying by Lessor those records as will enable Lessor to determine the fulfillment of the foregoing indemnity and the extent to which it is entitled to the benefit of the ITC and the Depreciation with respect to the Cars. Lessee will not at any time during the Term use or fail to use any of the Cars in such a way as to disqualify it as new "section 38 property", and Lessee shall not use, operate, store, take or remove and/or maintain any of the Cars outside of the continental United States.

8.(g) Reference in this Lease to specific sections of the IRC shall be deemed to include comparable sections or provisions of any successor laws.

## 9. MAINTENANCE AND LIENS

9.(a) It is agreed between the parties that, as between Lessor and Lessee, all risks, as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in or the quality or suitability of the Cars delivered to Lessee hereunder, are to be borne by Lessee.

9.(b) Lessee agrees, during the continuance of this Lease, at Lessee's own cost and expense, to maintain and keep the Cars in first-class condition, repair, and appearance and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Cars. Lessee shall notify Lessor promptly of any alterations or changes in the Cars required by law, describing by identification number the Cars affected and the nature of the alterations or changes.

9.(c) Except as may arise from Lessor's breach of warranty, Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by the Cars or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing, modification or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

9.(d) Any part installed or replacements made by Lessee upon the Cars shall be considered accessions to the Cars and title thereto shall be immediately vested in Lessor,



without cost or expense to Lessor except that this shall not apply to special equipment installed on the Cars by Lessee with the consent of Lessor, provided that such equipment is removed by Lessee before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessee, and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

9.(e) Lessee shall pay or satisfy and discharge any and all sums claimed by any party other than those which were created by act of Lessor which, if unpaid, might become a lien or a charge upon the Cars or entitled to priority over any of the rights of Lessor in and to the Cars, but Lessee shall not be required to discharge any such claim so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Cars.

9.(f) At the termination of this Lease, and absent the exercise of Lessee's option to purchase the Cars, Lessee shall return the Cars to Lessor in such condition as to permit use in unrestricted interchange and shall meet all interchange requirements of the Association of American Railroads.

#### 10. INSURANCE

10.(a) Lessee, at its own cost and expense, shall insure the Cars from the time of delivery and acceptance thereof and at all times thereafter until Lessee's obligations under this Lease with respect to the Cars have been discharged against loss, damage or destruction thereof caused by fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance to be in an amount equal to the Stipulated Loss Value of the Cars except that such coverage may be limited so that any loss amounting to less than Twenty Five Hundred Dollars (\$2,500.00) per occurrence shall not be payable by the insurer.

10.(b) All such insurance (i) shall be taken for the benefit of Lessor and Lessee, as their respective interests may appear, in a financially sound and responsible insurance company or companies satisfactory to Lessor, (ii) shall insure the respective interests of Lessor and Lessee in the Cars and shall provide that the proceeds of such insurance shall be payable to Lessor and (iii) shall insure the interests of Lessor regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in such policies.

10.(c) All insurance proceeds received by Lessor with respect to the Cars shall:

(i) Be applied by Lessor, in the case of the loss, destruction or damage beyond repair of the Cars, toward the satisfaction of Lessee's obligation to make the payment required by paragraph 11 hereof; or

(ii) Be paid to Lessee, in the case of repairable damage to the Cars, on receipt by Lessor of a written application signed by Lessee or by a person designated by Lessee for the payment of or to reimburse Lessee for the cost of repairing the Cars. The written application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of the repair to the Cars. If an Event of Default has occurred and is continuing hereunder, the proceeds of insurance may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default, as defined in paragraph 13.

10.(d) The proceeds of any insurance received by Lessor on account of loss, theft, destruction or damage to the Cars in respect of which Lessee shall have made payment to

Lessor pursuant to paragraph 11 hereof shall be released to Lessee on receipt by Lessor of a written application signed by Lessee or a person designated by Lessee, provided, however, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default as defined in paragraph 13.

10.(e) Lessee at its own cost and expense shall maintain, with respect to its activities and operations in which the Cars shall be utilized, personal injury and property damage liability and physical damage insurance. All liability insurance policies shall be primary and without right of contribution from other insurance which is carried by Lessor, shall name both Lessor and Lessee as insureds, and shall expressly provide that all of the insurance provisions, except the limit of liability shall operate in the manner as if there were a separate policy covering each insured. Personal injury and property damage liability insurance shall be in the amount of \$7,000,000.00 combined single limit. The insurance coverage described above covers liability of Lessee, including liability assumed under any contract or agreement arising out of any occurrence or occurrences caused or growing out of Lessee's operations and/or operations incidental thereto.

10.(f) All insurance policies required hereunder shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation, termination or modification of any such policy is effective.

10.(g) In the event Lessee is notified that Lessor has sold or encumbered the Cars, assigned this Lease or assigned the Rentals payable hereunder, Lessee shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. The Lessee shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

## II. LOSS, THEFT OR DESTRUCTION OF THE CARS

In the event the Cars, or any of them, are lost or stolen or are destroyed or damaged beyond economic repair from any cause whatsoever, or shall be appropriated, requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the Term of this Lease, and all of the obligations of Lessee hereunder are not assumed by such governmental authority within sixty (60) days after such appropriation, requisitioning, taking over or nationalization (hereinafter referred to as a "Loss"), Lessee shall promptly and fully inform Lessor of such occurrence and this Lease shall cease and terminate as to such Cars and the Rental thereof shall be abated and Lessee shall pay Lessor the Stipulated Loss Value of the Cars, less the amount of any insurance recovery received by Lessor; provided, however, Lessee shall pay to Lessor an amount equal to the last previous Rental on the date that the next Rental would have fallen due and shall continue to pay such amount each month thereafter until such time as Lessor shall have received from Lessee or from the proceeds of insurance an amount equal to the sum of (a) accrued Rentals, if any, to the date of such Loss, (b) the Stipulated Loss Value as of the date of such Loss and (c) interest on the unpaid and declining balance of said amount at the rate set forth in paragraph 4.(c) above from the date of such Loss to the date of receipt. At such time as Lessor has received the sum of (a), (b) and (c) above, either from Lessee or from the insurance proceeds, Lessee shall then be entitled to receive the remainder, if any, of all insurance proceeds as compensation for the loss of Lessee's leasehold interest in the Cars, and to the extent and at the time that Lessor shall have received any monies in excess of the sum of (a), (b) and (c) above, Lessor shall then refund the amount of such excess to Lessee.

## 12. COMPLIANCE WITH LAWS AND RULES, AND INDEMNIFICATION

12.(a) Lessee agrees to preserve and keep in full force and effect its corporate existence and all rights, licenses, permits and franchises necessary for the proper conduct of its business and to comply in all respects (i) with all laws of the jurisdictions in which its operations involving the Cars may extend, (ii) with the interchange rules of the Association of American Railroads, (iii) with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body, and (iv) with all lawful rules of any other association of carriers or shippers exercising any power or jurisdiction over Lessee or over the Cars, to the extent that such laws and rules affect the title, operation, storage, maintenance or use of the Cars.

12.(b) In the event such laws or rules require the alteration of the Cars, Lessee shall conform the Cars in accordance therewith at Lessee's expense and shall maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessee may in good faith contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder. Lessee shall notify Lessor of any alteration of the Cars required by such laws or rules, describing by identification number the Cars affected and the nature of the alteration.

12.(c) Lessee agrees to assume all risks and liability for the Cars leased hereunder, for the delivery, use, operation, storage and sale thereof and for injuries or deaths of persons, maintenance and damage to property, howsoever arising from or incident to such delivery, use, operation, storage or sale, whether such injury or death to persons be of agents or employees of Lessee or of third parties and such damage to property be of Lessee or of others. Lessee will save and hold Lessor harmless from and against all losses, damages, claims, injuries, demands, penalties, liabilities, and expenses, including, without limitation, attorney's fees, howsoever arising or incurred because of or incident to (i) the Cars or the actual or alleged orderings, purchase, acquisition, delivery, management, control, leasing, condition, destruction, damage, return, storage, repossession, surrender, sale or other disposition, use, operation or storage thereof, (ii) the assertion of any claim or demand based on any infringement or alleged infringement of any patent, trademark or other right by or in respect of the Cars and (iii) strict liability in tort.

## 13. DEFAULT AND REMEDIES

13.(a) Lessor shall have the benefit of the remedies stated in paragraph 13.(b) herein if during the Term of this Lease one or more of the following events shall occur ("Events of Default" or "Default"):

(i) Lessee shall fail to pay when due any part of any of the payments required by paragraph 4 hereof or of any other sum to be paid hereunder and such failure shall continue for seventy-two (72) hours after receipt by Lessee of written, telegraphic or telex notice of such failure to pay;

(ii) Lessee should fail at any time to procure or maintain any insurance coverage prescribed herein and such failure shall continue after receipt by Lessee of written notice specifying such failure;

(iii) Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Cars or any of them, except appropriation, requisitioning, taking over or nationalization as described in paragraph 11 hereof, and shall fail or refuse to cause such assignment or transfer to be canceled by

agreement of all parties having any interest therein and to recover possession of the Cars within five (5) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

(iv) Lessee shall fail to observe or perform any other of the covenants, conditions and agreements on the part of Lessee contained herein and such failure shall continue for ten (10) days after written notice from Lessor to Lessee specifying the Default and demanding the same to be remedied;

(v) Lessee or any successor shall be in default under any existing mortgage, note, indenture, contract, lease, agreement, instrument of undertaking, order or decree of any court, arbitrator of any kind, or any governmental agency or any other obligation;

(vi) Any material representation made by Lessee herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(vii) Lessee should commit an act of bankruptcy or be the subject of any proceeding under the Bankruptcy Act or any amendment thereto or under any other insolvency law or law providing for the relief of debtors (provided, however, that if the same is an involuntary proceeding which is stayed or dismissed within thirty (30) days from the date of commencement the same shall not constitute default);

(viii) Lessee should become insolvent (that is, unable to pay its debts as they fall due);

(ix) If final judgment from which no appeal may be taken or a stay of enforcement granted for the payment of money aggregating in excess of \$10,000.00 should be rendered against Lessee and the same shall remain outstanding and undischarged for a period of thirty (30) days thereafter.

(x) Lessee shall fail to obtain and deliver to Lessor within thirty (30) days of the date of the execution of this Lease an opinion from Lessee's special counsel for Interstate Commerce Commission and Railroad Commission of the State of Texas matters that as to such governmental agencies and the statutes, rules and regulations pertaining thereto Lessee has duly and properly obtained such approvals as are necessary for the execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligation imposed on it pursuant to this Lease.

13.(b) Upon the occurrence of an Event of Default, Lessor may at its option:

(i) Proceed by appropriate court action, or actions, either at law or in equity, to enforce performances by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, and it is expressly agreed that the right to resort to any such court action is a remedy given to Lessor in addition to, and not in lieu of, any other remedies given to Lessor under this Lease;

(ii) Give written notice to Lessee specifying the occurrence giving rise to such Event of Default, or Events of Default, and stating that this Lease shall expire and terminate on the date specified in such notice, and on the date so specified (if any such Event of Default shall be continuing), subject to the provisions hereof relating to the survival of Lessee's obligations, this Lease shall expire and terminate

(hereinafter such expiration and termination sometimes being referred to as "Premature Termination") and all rights of Lessee under this Lease shall absolutely cease and terminate as though this Lease had never been made but Lessee shall redeliver the Cars to Lessor in accordance with paragraph 17 hereof and Lessor may take or cause to be taken by its agent or agents immediate possession of the Cars without liability to return to Lessee any amounts theretofore paid hereunder and free of any claims of Lessee whatsoever and may remove the same from the possession and use of Lessee, and for such purpose may enter upon Lessee's premises where the Cars may be located and may use and employ in connection with such removal any supplies, services, means or other facilities of Lessee with or without process of law;

(iii) Recover from Lessee any and all amounts which may be due and unpaid, or which may become due, for the use of the Cars (including, without limitation, Rentals and Impositions accruing hereunder after the date of the Event of Default and up to and including the date of Premature Termination) as well as to recover forthwith from Lessee:

(A) Any damage in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of Rental.

(B) If the Cars have been repossessed, as damages for the loss of a bargain and not as a penalty, a sum with respect to the Cars which represents (1) either (a) the excess of the then present worth of the unpaid balance of total Rentals payable under this Lease discounted at the rate of five percent (5%) per annum, computed as of the date of the Premature Termination, for such repossessed Cars over the then present worth of the rents for the Cars which Lessor is to receive from the subsequent user of the Cars for the period from the date of Premature Termination to the date on which the Term hereof would have expired but for such Premature Termination discounted at the rate of five percent (5%) per annum, or (b) the amount by which the Stipulated Loss Value of the Cars, computed as of the date of Premature Termination, exceeds the net sales price for the Cars which Lessor received from the buyer(s) of the Cars after repossession, whichever is applicable, plus (2) interest on such excess until paid at the rate set forth in paragraph 4.(c) hereof from the date of Premature Termination, plus (3) reasonable expenses (including, without limitation, attorneys' fees) incurred by Lessor in taking possession of, overhauling, repairing and/or modifying the Cars after repossession thereof as determined by Lessor to be reasonably required to place the Cars in a condition reasonably suitable for sale, release or other use.

(C) If the Cars have not been repossessed as damages for the loss of a bargain and not as a penalty, a sum with respect to the Cars which represents an amount equal to one hundred ten percent (110%) of the Stipulated Loss Value of the Cars as of the date of Premature Termination.

13.(c) FOR AND IN CONSIDERATION OF AND AS AN INDUCEMENT TO LESSOR TO ENTER INTO THE LEASE, LESSEE HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ANY AND ALL RIGHTS TO NOTICE AND/OR HEARING PRIOR TO ANY RETAKING OF POSSESSION OR REPLEVY OF THE CARS BY LESSOR, ITS AGENTS OR ASSIGNS UPON DEFAULT OF LESSEE, AND FOR THAT PURPOSE LESSOR MAY, TO THE EXTENT LESSEE CAN GIVE AUTHORITY THEREFOR, ENTER UPON ANY PREMISES ON WHICH THE CARS

MAY THEN BE SITUATED AND REMOVE THE SAME THEREFROM. LESSOR MAY REQUIRE LESSEE TO DELIVER THE CARS TO LESSOR AT A PLACE TO BE DESIGNATED BY LESSOR WHICH IS REASONABLY CONVENIENT TO BOTH PARTIES. LESSEE SHALL BE LIABLE TO LESSOR OR THE LESSOR MAY RECOVER FROM LESSEE ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND OTHER LEGAL EXPENSES INCURRED BY LESSOR IN OBTAINING POSSESSION OF THE CARS.

13.(d) If on the date of such termination or repossession any Car is damaged, lost, stolen or destroyed or subject to appropriation, requisition, takeover or nationalization by governmental agency, or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessee shall also remain liable for payment of the Stipulated Loss Value as specified in paragraph 11 hereof.

13.(e) The rights and remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event of any Default, Lessor shall be entitled to recover reasonable costs and expenses, including attorneys' fees, as shall have been expended or incurred by Lessor in the enforcement of any right or privilege hereunder, plus interest thereon at the rate provided in paragraph 4.(d) herein.

13.(f) Lessor may at its election waive any Event of Default and its consequences and rescind and annul any such notice of termination by notice to Lessee in writing to that effect within sixty (60) days after delivery of any such notice of termination, and thereupon the respective rights of the parties shall be as they would have been if no Event of Default had occurred and no such notice had been given.

#### 14. POSSESSION AND USE OF THE CARS, PER DIEM AND OTHER CHARGES

14.(a) Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease. Lessee shall not use or permit the use of the Cars involving the operation and/or maintenance thereof outside the United States of America. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control the Cars except that Lessee may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic agreement, but only on and subject to all the terms and conditions of this Lease.

#### 15. ASSIGNMENT

15.(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Cars with or without notice to Lessee. So long as Lessee shall not be in Default under this Lease, Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease. At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars, if other than Lessor, at no expense to Lessee. If, during the continuance of this Lease, any such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced, at Lessee's expense.

15.(b) Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease in the Cars or sublet the Cars, except as provided in paragraph 14 above. Any sale, assignment, transfer, encumbrance or sublease prohibited by this paragraph 15 shall be void.

16. REPORT AND RIGHT TO INSPECT THE CARS

16.(a) During the Term of this Lease and without demand, Lessee agrees that it and its agents, employees and representatives will cooperate with Lessor in the investigation and defense of any and all claims against Lessor which may arise as a result of the alleged or apparent improper manufacturing, functioning or operation of the Cars and that they will aid in the recovery of damages from any third parties responsible therefor.

16.(b) During the Term of the Lease, Lessee will furnish to Lessor (a) as soon as available, and in any event within one hundred twenty (120) days after the end of each fiscal year of the Lessee, a balance sheet of the Lessee as at the end of such fiscal year and statements of income and of changes in financial position of the Lessee for such fiscal year (together, in each case, with the comparable figures for the immediately preceding fiscal year), all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with prior periods and certified to by a recognized firm of Certified Public Accountants selected by the Lessee and satisfactory to the Lessor, (b) as soon as available, and in any event within sixty (60) days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, a balance sheet of the Lessee as at the end of such quarterly period and related statements of income and of changes in financial position of the Lessee for the period from the beginning of the fiscal year to the end of such quarterly period (together, in each case, with the comparable figures for the corresponding period of the immediately preceding fiscal year), all in reasonable detail but without explanatory footnotes, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with prior periods and certified by the chief financial officer of the Company (subject to normal year-end audit adjustments), (c) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate from a recognized firm of Certified Public Accountants who audited such statements stating that in making the examination necessary for the audit of such financial statements they obtained no knowledge of any default by the Lessee in the observance, performance or fulfillment of any of the covenants contained in this Lease, or if they shall have obtained knowledge of any such default, specifying the same, (d) concurrently and simultaneously with the delivery of the financial statements referred to in clauses (a) and (b) above, Lessee shall issue and deliver to Lessor a certificate stating whether there exists on the date of issuance of said certificate any condition or event which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default hereunder, and if any such condition or event then exists, specifying the nature and period of existence thereof and the action Lessee is taking and proposes to take with respect thereto, and (e) from time to time, such additional financial and other information as the Lessor may reasonably request.

16.(c) During the Term of this Lease, Lessee will furnish to Lessor, on or before February 1st of each year (commencing with the year 1980) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized officer of Lessee stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement) (i) that the Cars have been maintained in accordance with paragraph 9.(b) hereof or, if such be the case, then being repaired in accordance with paragraph 9 hereof, and that the legends placed on the Cars as required by paragraph 7 hereof have been preserved or repainted on each side of each of the

Cars, and that Lessee's identifying reporting mark and the appropriate car number have been preserved or repainted on each side of each of the Cars as required by paragraph 7 hereof, (ii) the location of the Cars and (iii) such other information regarding the location, condition and state of repair of the Cars as Lessor may reasonably request.

16.(d) During the Term of this Lease, the Lessee will promptly give notice in writing to Lessor of (i) the occurrence of any Default or Event of Default, (ii) the occurrence of any default by any party (including the Lessee) under any sublease (if permitted hereunder), (iii) the occurrence of any default or event of default under any other agreement or instrument relating to any indebtedness of the Company for borrowed money, for the deferred purchase price of property or equipment or for the leasing of equipment and (iv) the occurrence of any litigation or proceedings affecting the Lessee and of any proceeding or proceedings affecting the Lessee and of any proceeding or threatened proceeding between the Lessee and any governmental regulatory body or any other party which might interfere with the normal operations of the Lessee or which might result in any adverse change in the business or condition (financial or otherwise) of Lessee.

16.(e) Lessor or its assignee shall have the right, at its sole cost and expense, by its authorized agents, employees or representatives, to inspect the Cars and Lessee's records with respect thereto, at such times and from time to time during the term of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor or its assignee the existence and proper maintenance of the Cars.

#### 17. RETURN OF THE CARS

17.(a) On the expiration of the Term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease or otherwise, Lessee at its sole cost and expense, shall forthwith (i) remove or cause to be removed any lettering of the names or initials or other insignia customarily used by Lessee from the Cars, (ii) re-stencil said Cars in accordance with the instructions of Lessor, and (iii) deliver the possession of the Cars to Lessor, such Cars to be in the same operating order, repair, condition and appearance as when received, excepting only for reasonable wear and tear and damage by any cause covered by collectable insurance in accordance with this Lease, and Lessee will pay for any repairs necessary to restore the Cars to their original condition, except as aforesaid. For such purpose Lessee, at its own cost and expense, shall (i) forthwith assemble the Cars and place them for storage upon tracks of Lessee or such other tracks as Lessee and Lessor may reasonably agree; (ii) pay all costs and expenses of such storage for a period not exceeding one hundred twenty (120) days from the date that the Cars are so assembled and (iii) transport or cause the Cars to be transported at any time within such one hundred twenty (120) day period on the written direction of Lessor to do so to a place so designated by Lessor within a distance no greater than the distance between New Braunfels, Texas and Cincinnati, Ohio. The assembling, delivery, storage and transportation of the Cars as hereinabove provided are of the essence of this Lease and, upon application to any court of equity having a jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee so as to require Lessee to assemble, deliver, store and transport the Cars.

17.(b) Without in any way limiting the obligation of Lessee under the foregoing provisions of this paragraph 17, Lessee hereby irrevocably appoints Lessor as its agent and attorney, with full power and authority, at any time while Lessee is obligated to deliver possession of the Cars to Lessor, to demand and take possession of the Cars in the name and on behalf of Lessee from whomsoever shall be at the time in possession of the Cars.

17.(c) Except as otherwise provided in paragraph 11 hereof, in the event that the Cars are not redelivered to Lessor on or before the date on which the Term of this Lease



expires, all of the obligations of Lessee under this Lease with respect to the Cars shall remain in full force and effect until the Cars are redelivered to Lessor.

18. CONTINUED OWNERSHIP OF LESSEE'S STOCK

Lessee further covenants, represents and warrants that during the Term of this Lease, William R. Parker, Jr., and his family shall continue to own all of the outstanding stock of Lessee and such ownership shall not change unless Lessee obtains the prior written consent of Lessor.

19. FORCE MAJEURE

Lessor's obligation to deliver and place the Cars on lease hereunder shall be subject to delays or impossibility of performance resulting from causes beyond the control of Lessor or the manufacturer and vendor of the Cars in the ordinary course of their respective businesses, including but not limited to acts of God, acts of government establishing embargoes or imposing controls on price or interest rates having the effect of preventing, suspending or delaying the operation of the terms of paragraph 4 herein, priorities, allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, labor disputes, accidents, fire, flood, explosion, damage to plant equipment or facilities or delays in receiving necessary materials.

20. MODIFICATION OF LEASE

This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the Cars. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessee. This Lease supersedes any and all prior representations, warranties and/or inducements, written or oral, heretofore made by Lessor concerning this transaction, which are null and void and of no force or effect whatsoever.

21. HEADINGS AND CERTAIN REFERENCES

All paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to clauses and other subdivisions refer to the corresponding paragraphs, clauses and other subdivisions of this Lease; the words "herein", "hereof", "hereto", "hereunder" and words of similar import refer to this Lease as a whole and not to any particular paragraph, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a paragraph shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

22. CERTAIN APPLICABLE LAWS

Any provision hereof prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessee to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

23. 360-DAY YEAR

Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve (12) 30-day months.

24. NOTICES

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to Lessee or any officer of Lessor or delivered to the United States Post Office, registered or certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Lessor:

GREYHOUND LEASING & FINANCIAL CORPORATION  
Greyhound Tower  
Phoenix, Arizona 85077  
Attention: Vice President - Operations

If to Lessee:

WESTERN RAIL ROAD COMPANY  
P. O. Box 811  
New Braunfels, Texas 78130

or to such other addresses as may hereafter be furnished in writing by either party to the other.

25. GOVERNING LAW

The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Texas.

26. SURVIVAL OF COVENANTS

Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of paragraphs 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17 shall survive the expiration or termination hereof.

27. SUCCESSORS AND ASSIGNS

Subject to the provisions of paragraph 15, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

28. FURTHER ASSURANCES

Lessee agrees from time to time throughout the Term of this Lease to execute such additional documents and to perform such further acts as may be reasonably requested by Lessor in order to carry out and effectuate the purposes and intents of this Lease.

29. EXECUTION IN COUNTERPARTS

This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

### 30. DOCUMENTS

As soon hereafter as feasible and in any event prior to Lessor's purchase of the Cars, Lessee shall at its sole cost and expense execute, deliver and/or file and record or cause to be executed, delivered and/or filed and recorded to or for Lessor, as the case may be, the following documents, which must be in form and content satisfactory to Lessor and its counsel:

30.(a) A legal opinion of Lessee's independent legal counsel, as to the matters set forth in paragraph 6 above.

30.(b) A certified copy of the Resolution adopted by the Board of Directors of Lessee, authorizing the execution of and performance under this Lease.

30.(c) A certificate of insurance issued by an insurer acceptable to Lessor, in which Lessor appears as a named insured and which evidences Lessee's purchase of an all-risk insurance policy covering the Cars and a public liability policy in amounts acceptable to Lessor, all in accordance with paragraph 10 above.

30.(d) Such other agreements, certificates or other instruments in writing as shall be deemed necessary or desirable by Lessor or its counsel in order to more fully and completely secure, protect, perfect or preserve Lessor's ownership interest in and to the Cars, including without limitation UCC Financing Statements.

### 31. CONDITIONS PRECEDENT TO LESSOR'S OBLIGATION TO PURCHASE THE CARS

The obligations of Lessor hereunder to purchase the Cars and lease them to Lessee are expressly contingent on satisfaction and fulfillment of the following:

31.(a) Lessee shall have executed and delivered, or caused to be executed and delivered, the documents described in paragraph 30 above.

31.(b) There shall be no materially adverse change in the financial condition of Lessee and no materially adverse change in the ability of Lessee to perform its obligations under this Lease prior to the date on which Lessor is requested to purchase the Cars.

31.(c) Lessee shall have kept and performed the various covenants, obligations and duties of its part to be kept and performed hereunder.

31.(d) The filing and recording of this Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and with the appropriate state regulatory bodies.

### 32. CONSOLIDATION OF TRANSACTIONS AND OBLIGATIONS

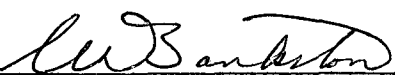
Lessee acknowledges that it now has, or may hereafter have, other lease transactions or installment sales or loans with Lessor and its subsidiaries, such other transactions being subject to equipment lease agreements, installment sale and security agreements, loan agreements, promissory notes and chattel mortgages and security agreements not part of the documents evidencing this transaction. Lessee further acknowledges that Lessor views all such transactions with Lessee as a continuing, single relationship supported by the collective value of all equipment under lease or sale to Lessee. It is therefore acknowledged and agreed by Lessee that, without regard to the number of

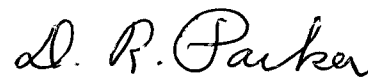
separate equipment lease agreements, installment sale and security agreements, loan agreements, promissory notes, and chattel mortgages and security agreements executed between Lessee and Lessor and Lessor's affiliates, a default under any equipment lease agreement, including this Lease, installment sale and security agreement, loan agreement, promissory note, or chattel mortgage and security agreement not cured within any applicable grace period, shall constitute a default under all equipment lease agreements, installment sale and security agreements, loan agreements, promissory notes, and chattel mortgages and security agreements and Lessor and its subsidiaries may, in their respective discretion, exercise their respective right of repossession and/or any and all other remedies available to Lessor and its subsidiaries as to any and/or all items of equipment, whether or not a default exists under any equipment lease agreement, installment sale and security agreement, loan agreement, promissory note, and chattel mortgage and security agreement.

In the event that the sales price of the Cars subsequent to an Event of Default exceeds the sums due Lessor hereunder, such excess sales proceeds shall be applied against any deficiency resulting from a corresponding default and sale under any other equipment lease agreement, installment sale and security agreement, loan agreement, promissory note, and/or chattel mortgage and security agreement not part of the documents evidencing this transaction; similarly, in the event there is a default and subsequent sale of the equipment subject to any other equipment lease agreement, installment sale and security agreement, loan agreement, promissory note, and/or chattel mortgage and security agreement not part of the documents evidencing this transaction and in such event the sales proceeds of such equipment exceeds the sums due Lessor thereunder, such excess sale proceeds shall be applied to any deficiency incurred by Lessor hereunder.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed in their respective corporate names by its officers thereunto duly authorized and their corporate seal to be hereunto affixed and duly attested, all as of the day and year first above written.


WESTERN RAIL ROAD COMPANY  
"Lessee"


By   
Its: Vice President

By   
Its: SECRETARY

(seal)

GREYHOUND LEASING & FINANCIAL  
CORPORATION, "Lessor"

By   
Vice President

By   
Assistant Secretary

(seal)

STATE OF ARIZONA

COUNTY OF MARICOPA

)  
) SS:  
)

On this 11<sup>th</sup> day of December, 1979, before me personally appeared Martin G. Rath to me personally known, who, being by me duly sworn, said that he is Vice President of GREYHOUND LEASING & FINANCIAL CORPORATION; that said instrument was signed this day on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Dolores Winberry  
Notary Public

My Commission Expires:

My Commission Expires Jul 31, 1983

STATE OF TEXAS )

- ) SS:

COUNTY OF HARRIS )

On this 12<sup>th</sup> day of December, 1979, before me personally appeared W. D. Bankston, to me personally known, who being by me duly sworn said that he is Vice President of WESTERN RAIL ROAD COMPANY and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporaiton.

Dorothy Weisinger  
Notary Public

My Commission Expires:

May 31, 1981

EXHIBIT A  
TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION  
AND  
WESTERN RAIL ROAD COMPANY

Fifty (50) new 2300 cubic foot capacity bottom dump "Rapid Discharge" TM manually operated Aggregate Cars manufactured by Ortner Freight Car Company pursuant to Ortner Freight Car Company's proposal No. OCN 1386-7-78 dated July 14, 1978 to Parker Brothers & Company Inc. with all attachments thereto.

Said Cars shall bear identifying reporting marks and Car numbers:

WRRC

424 through 473

EXHIBIT B TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION AND  
WESTERN RAILROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979  
SCHEDULE I (46 CARS)  
STIPULATED LOSS VALUE

<u>Quarter</u>	<u>Percentage</u>
1	106.36
2	107.46
3	108.46
4	109.36
5	110.16
6	110.87
7	111.48
8	111.99
9	112.41
10	112.72
11	112.94
12	113.06
13	106.43
14	106.41
15	106.30
16	106.10
17	105.79
18	105.39
19	104.90
20	104.30
21	96.95
22	96.15
23	95.26
24	94.27
25	93.19
26	92.01
27	90.73
28	89.35
29	84.61
30	82.70
31	80.71
32	78.65
33	76.50
34	74.27
35	71.96
36	69.58
37	67.11
38	64.56
39	61.93
40	59.22
41	56.43
42	53.55

115  
11-79

Reg  
8-11-77

<u>Quarter</u>	<u>Percentage</u>
43	50.61
44	47.57
45	44.47
46	41.27
47	38.00
48	34.65
Thereafter	30.00



EXHIBIT B TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION AND  
WESTERN RAILROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979  
SCHEDULE II ( 4 CARS)  
STIPULATED LOSS VALUE

<u>Quarter</u>	<u>Percentage</u>
1	106.50
2	107.68
3	108.75
4	109.71
5	110.58
6	111.34
7	111.99
8	112.55
9	113.00
10	113.34
11	113.58
12	113.73
13	107.09
14	107.08
15	106.98
16	106.77
17	106.47
18	106.05
19	105.53
20	104.92
21	97.54
22	96.70
23	95.77
24	94.74
25	93.60
26	92.36
27	91.02
28	89.57
29	84.74
30	82.76
31	80.68
32	78.53
33	76.28
34	73.94
35	71.53
36	69.02
37	66.43
38	63.75
39	60.99
40	58.14
41	55.20
42	52.18

<u>Quarter</u>	<u>Percentage</u>
43	49.07
44	45.88
45	42.59
46	39.23
47	35.77
48	32.23
Thereafter	27.50

628  
11-78

EXHIBIT C TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION  
AND  
WESTERN RAIL ROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979

CERTIFICATE OF INSPECTION AND ACCEPTANCE

WESTERN RAIL ROAD COMPANY ("Lessee") does hereby certify to GREYHOUND LEASING & FINANCIAL CORPORATION ("Lessor") that the \_\_\_\_\_ (\_\_\_\_) new 2300 cubic foot capacity bottom dump "Rapid Discharge" TM manually operated Aggregate cars ("Cars") manufactured by Ortner Freight Car Company ("Manufacturer") bearing the identifying reporting marks and Car numbers of Lessee as follows:

has (have) been delivered as of this \_\_\_\_\_ day of \_\_\_\_\_, 1979, ("Delivery Date"), pursuant to the Equipment Lease Agreement dated as of September 24, 1979, between Lessor and Lessee (the "Lease"); and the Lease with respect to said Car(s) shall commence as of the said Delivery Date.

The Lessee further certifies:

1. That during the manufacture of said Car(s) by the Manufacturer, Lessee, through qualified inspectors, inspected in accordance with inspection and testing practices and methods which, in their opinion, are adequate for the protection of Lessor, the materials and other components incorporated in and the construction of said Car(s).

2. That the materials and other components incorporated in and the construction of said Car(s) comply fully with, and said Car(s) has (have) been completed in full accordance with, the Specifications referred to in the Lease; and was (were) otherwise in all respects satisfactory and acceptable to Lessee on said Delivery Date;

3. That said Car(s) has (have) been delivered in good order and ready for service by the Manufacturer directly to Lessee and has (have) been accepted by Lessee as of the Delivery Date in accordance with the provisions of the Lease;

4. That there was plainly, distinctly and conspicuously placed upon each side of the said Car(s) at the time of its delivery and acceptance a legend bearing the following words in letters not less than one (1) inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,  
PHOENIX, ARIZONA,  
OWNER AND LESSOR"

5. That the representations and warranties contained in paragraph 5(b) of the Lease were true as of the Delivery Date, and that there has been no Event of Default as defined in paragraph 13(a) of the Lease as of the Delivery Date.

DATED: \_\_\_\_\_

WESTERN RAIL ROAD COMPANY  
("Lessee")

By \_\_\_\_\_  
Its:

EXHIBIT D TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION  
AND  
WESTERN RAIL ROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979

SUPPLEMENT DATED \_\_\_\_\_ TO EQUIPMENT LEASE AGREEMENT  
DATED AS OF SEPTEMBER 24, 1979, BETWEEN GREYHOUND LEASING & FINANCIAL  
CORPORATION ("LESSOR") AND WESTERN RAIL ROAD COMPANY ("LESSEE")

Lessor and Lessee agree that the Car(s), as defined below, are the only cars subject to the Lease and that all other cars described in the Lease are hereby deleted therefrom.

Lessor and Lessee hereby confirm that the below-described \_\_\_\_\_ (\_\_\_\_) new 2300 cubic foot capacity bottom dump "Rapid Discharge" TM manually operated Aggregate Cars ("Cars") manufactured by Ortner Freight Car Company ("Manufacturer") were delivered to Lessee on or before the date hereof:

Lessor and Lessee confirm that the Cars were inspected by duly appointed and authorized representatives of Lessee in accordance with Section 2 of the aforesaid Lease. Such inspection showed (a) that the Cars have been constructed in accordance with the Specifications, all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads and (b) that there was plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each Car a legend in letters of not less than one (1) inch in height bearing the following words:

"GREYHOUND LEASING & FINANCIAL CORPORATION  
PHOENIX, ARIZONA  
OWNER AND LESSOR"

and that each side of each Car was plainly and distinctly marked with the Lessee's Road Number set forth above with respect thereto.

Lessor and Lessee confirm that on the aforesaid Date(s) of Delivery the Cars were duly accepted by a representative of Lessee in accordance with Section 2 of the Lease, and Lessee acknowledges that the Cars are now held by Lessee subject to the terms and conditions of the aforesaid Lease, including the payment of the Rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its financial officers thereunto duly authorized, and its corporate

seal to be hereunto affixed and duly attested, and Lessee has caused this Supplement to be executed in its corporate name by one of its officers thereunto duly authorized and its corporate seal to be hereunto affixed and duly attested the day and year first above written.

ATTEST:

GREYHOUND LEASING & FINANCIAL  
CORPORATION

By \_\_\_\_\_  
Assistant Secretary

By \_\_\_\_\_  
Vice President

(Seal)

ATTEST:

WESTERN RAIL ROAD COMPANY

By \_\_\_\_\_  
Its:

By \_\_\_\_\_  
Its:

(Seal)

EXHIBIT E TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION  
AND  
WESTERN RAILROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979

(46 cars)

<u>PRIME</u>	<u>PERCENTAGE</u>
14.50%	1.1092%
14.25%	1.1024%
14.00%	1.0956%
13.75%	1.0889%
13.50%	1.0822%
13.25%	1.0754%
13.00%	1.0688%
12.75%	1.0621%
12.50%	1.0555%
12.25%	1.0488%
12.00%	1.0422%
11.75%	1.0357%
11.50%	1.0291%
11.25%	1.0226%
11.00%	1.0161%
10.75%	1.0096%
10.50%	1.0031%
10.25%	0.9967%
10.00%	0.9903%

EXHIBIT F TO EQUIPMENT LEASE AGREEMENT  
BETWEEN  
GREYHOUND LEASING & FINANCIAL CORPORATION  
AND  
WESTERN RAILROAD COMPANY  
DATED AS OF SEPTEMBER 24, 1979

(4 cars)

<u>PRIME</u>	<u>PERCENTAGE</u>
18.00%	1.2495%
17.75%	1.2423%
17.50%	1.2351%
17.25%	1.2279%
17.00%	1.2208%
16.75%	1.2136%
16.50%	1.2065%
16.25%	1.1994%
16.00%	1.1924%
15.75%	1.1853%
15.50%	1.1783%
15.25%	1.1713%
15.00%	1.1643%
14.75%	1.1573%
14.50%	1.1504%
14.25%	1.1435%
14.00%	1.1366%
13.75%	1.1297%
13.50%	1.1228%
13.25%	1.1160%
13.00%	1.1092%
12.75%	1.1024%
12.50%	1.0956%